

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND  
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et al.*,

Debtors.<sup>1</sup>

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**This filing relates to the  
Commonwealth, HTA, and PBA.**

**REPLY OF THE COMMONWEALTH OF PUERTO RICO, THE PUERTO RICO  
HIGHWAYS AND TRANSPORTATION AUTHORITY, AND THE PUERTO RICO  
PUBLIC BUILDINGS AUTHORITY TO RESPONSE FILED BY CLAIMANT GEORGE  
AND THERESA RAUSCHER [ECF NO. 20581] TO THE FOUR HUNDRED THIRTY-  
NINTH OMNIBUS OBJECTION (SUBSTANTIVE) TO DUPLICATE AND NO  
LIABILITY BOND CLAIMS**

To the Honorable United States District Judge Laura Taylor Swain:

The Commonwealth of Puerto Rico (the “Commonwealth”), the Puerto Rico Highways and Transportation Authority (“HTA”), and the Puerto Rico Public Buildings Authority (“PBA,” and together with the Commonwealth and HTA, the “Debtors”), by and through the Financial

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<sup>1</sup> The Debtors in these Title III Cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the “Commonwealth”) (Bankruptcy Case No. 17 BK 3283-LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17 BK 3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17 BK 3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17 BK 3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17 BK 4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA,” and together with the Commonwealth, COFINA, HTA, ERS, and PREPA, the “Debtors”) (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

Oversight and Management Board for Puerto Rico (the “Oversight Board”), as the sole Title III representative of the Debtors pursuant to Section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”),<sup>2</sup> file this reply (the “Reply”) to the untitled response [ECF. No. 21691] (the “Rauscher Response”) filed by claimants George and Theresa Rauscher (the “Rauscher Claimants”), in support of the *Four Hundred Thirty-Ninth Omnibus Objection (Substantive) of the Commonwealth of Puerto Rico, the Puerto Rico Highways and Transportation Authority, and the Puerto Rico Public Buildings Authority to Duplicate and No Liability Bond Claims* [ECF No. 20497] (the “Four Hundred Thirty-Ninth Omnibus Objection”). The Debtors respectfully represent as follows:

1. On April 1, 2022, the Debtors filed the Four Hundred Thirty-Ninth Omnibus Objection seeking to disallow in their entirety certain proofs of claim, each of which is based, in part, on (a) bond claims that are duplicative of one or more master proofs of claim filed against Debtors on behalf of the holders of certain bonds, (b) an ownership interest in bonds issued by GDB, which is not a Title III Debtor, or (c) investments in mutual funds, which in turn may have invested in bonds issued by the Debtors.

2. Any party who disputed the Four Hundred Thirty-Ninth Omnibus Objection was required to file a response by 4:00 p.m. (Atlantic Standard Time) on May 2, 2022, in accordance with the Court-approved notice attached to the Four Hundred Thirty-Ninth Omnibus Objection as Exhibit C, which was served in English and Spanish on the individual creditors subject to the Four Hundred Thirty-Ninth Omnibus Objection, the U.S. Trustee, and the Master Service List (as

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<sup>2</sup> PROMESA is codified at 48 U.S.C. §§ 2101–2241.

defined by the *Sixteenth Amended Case Management Procedures* [ECF No. 20190-1]). *See Certificate of Service* [ECF No. 20558].

3. The Rauscher Claimants filed a proof of claim against HTA on October 5, 2021, which was logged by Kroll Restructuring Administration LLC as Proof of Claim No. 179635 (the “Rauscher Claim”). The Rauscher Claim purports to assert liabilities in the amount of \$5,650.00 based on ownership of bonds issued by HTA. Specifically, the Rauscher Claim attaches certain Merrill Lynch brokerage statements identifying the Rauscher Claimants’ purported ownership of HTA bonds bearing CUSIP No. 7451902Q0.

4. On April 20, 2022, the Rauscher Claimants filed the Rauscher Response. Therein, the Rauscher Claimants assert that they (i) “did not file any previous claim for this defaulted bond,” (ii) “had no intention to file a suit for the balance,” (iii) “just accepted the loss,” and (iv) “knew nothing about this filing” until they received certain paperwork. Rauscher Response at 1.

5. The Debtors construe this statement as a withdrawal of the Rauscher Claim or, at the very least, a statement of no objection to the Four Hundred Thirty-Ninth Omnibus Objection, and, accordingly, respectfully request that the Court sustain the Four Hundred Thirty-Ninth Omnibus Objection as to the Rauscher Claim.

6. If, however, the Court is not inclined to interpret the Rauscher Response in that manner, the Rauscher Claim should nonetheless be disallowed in its entirety because, as set forth in the Four Hundred Thirty-Ninth Omnibus Objection, it asserts liabilities related to HTA bonds that are duplicative of a master proof of claim filed by BNY Mellon on behalf of HTA bondholders. Any failure to disallow the Rauscher Claim would result in the Rauscher Claimants potentially receiving an unwarranted double recovery against the Debtors, to the detriment of other stakeholders in the Debtors’ Title III Cases.

7. Accordingly, the Debtors respectfully request the Rauscher Claim be disallowed in its entirety and that the Court grant the Four Hundred Thirty-Ninth Omnibus Objection, notwithstanding the Rauscher Response.

Dated: April 11, 2023  
San Juan, Puerto Rico

Respectfully submitted,

/s/ Hermann D. Bauer

Hermann D. Bauer

USDC No. 215205

Carla García Benítez

USDC No. 203708

**O'NEILL & BORGES LLC**

250 Muñoz Rivera Ave., Suite 800

San Juan, PR 00918-1813

Tel: (787) 764-8181

Fax: (787) 753-8944

/s/ Brian S. Rosen

Martin J. Bienenstock (*pro hac vice*)

Brian S. Rosen (*pro hac vice*)

**PROSKAUER ROSE LLP**

Eleven Times Square

New York, NY 10036

Tel: (212) 969-3000

Fax: (212) 969-2900

*Attorneys for the Financial Oversight and  
Management Board for Puerto Rico, as  
representative for the Commonwealth of  
Puerto Rico, the Puerto Rico Highways and  
Transportation Authority, and the Puerto  
Rico Public Buildings Authority*